

# Maurice Hinchey NEWS

## 22nd CONGRESSIONAL DISTRICT, NEW YORK

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FOR IMMEDIATE RELEASE

February 8, 2003

### HINCHEY ADDRESS TO CSEA

POUGHKEEPSIE - U.S. Representative Maurice Hinchey today made the following remarks in an address to the Civil Service Employees Association at its regional conference at the Grand Hotel in Poughkeepsie. Hinchey was asked to speak about prescription drugs and current federal legislative issues affecting working people.

#### Prescription Drugs

- With the leadership in Congress and the White House refusing to stand up to the prescription drug industry, the real battle over the affordability of medications is happening here in the states. Your activism is responsible for New York's decision to join with eight other states to secure fair prices for prescription drugs, a decision that will not only impact your families and the affordability of the medications that you need, but millions of New York State residents, through Medicaid and EPIC. I commend you for your courage in tackling this problem at its source – the bloated prescription drug industry – and finding a constructive solution. I believe this effort will be successful and, once again, New York will be leading the nation in smart reform.
- You've all heard a lot of talk from Washington about prescription drug coverage for seniors, but seen little action. It's extremely important that we add a prescription drug benefit to Medicare, but we must do it in the right way – making it a guaranteed, comprehensive and affordable benefit for every senior citizen that chooses to enroll.
- The Bush Administration is proposing doing it the wrong way, by forcing retirees into Medicare HMOs in order to get prescription drug coverage. It's just another way for them to pay off their big contributors in the insurance industry, without touching a penny of the outrageous profits made by the pharmaceutical industry.
- The prescription drug plan for seniors that I support is much more comprehensive than what Republicans have put on the table. Accordingly, such benefits will come at a much greater cost to the federal government. But we can afford the Democratic plan because a key component of it forces the drug industry to offer fair prices – just like you are trying to do here in New York.
- Prescription drug reform is a necessary component of health care reform for all Americans, not just seniors. We are all suffering the outrageous prices of the prescription drug industry.

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Drug prices have risen at three and four times the rate of inflation since 1990 and the industry is the most profitable segment of our economy – with lots of help from us, the taxpayers. The drug industry is heavily subsidized by federal tax dollars through direct research grants, R & D tax credits, export assistance, favorable patent protections, even tax deductions for their advertisements and the free “samples” that they give to physicians. The least we should get in return is fair prices, without having to take a weekend trip to Canada to get them.

- Retirees are disproportionately impacted by high drug prices because seniors consume one-third of all prescriptions in the U.S., although they only make up about 12 percent of the population. But high drug prices are a problem for all Americans. Prescription drug costs have been the number one cause of rising health insurance expenditures for the past five years. When health expenditures go up, so do your health insurance premiums. Many health insurance plans are combining higher premiums with reduced coverage for drugs and higher co-payments. Even for people who have good employer-provided insurance, prices are climbing out of reach of many families. For families who don't have any health insurance at all, the dramatic increase in health costs is devastating, forcing tens of millions of people in this country to go without the care they need.

### **Anti-Worker Agenda in Washington**

- The inaction from the Republican leadership in the House, Senate and White House on prescription drugs and health care reform generally are symptomatic of what's going on in Washington on their watch. Their agenda is very simple: give more money to corporations and their wealthy executives, deny opportunities to working families, and push our most important responsibilities and biggest expenses off on the states. Just look at their record:
  - **Unemployment:** The effects of 9/11, corporate scandals and the failed Bush economic policy raised the unemployment rate last year to its highest levels since 1993. Almost a million workers exhausted their unemployment benefits over the holidays because the Republican Congress refused to act in time to extend their benefits. Even with strong support from Republican and Democratic governors and a lot of media attention, it took until the second week of January for the Republican leadership to extend benefits for those who still can't find work. The unemployment extension is extremely important here in New York, where we have more than 525,000 individuals out of work.

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- **Education:** With much fanfare, Congress passed the president's Leave No Child Behind Initiative, which placed a significant burden on states to raise test scores and implemented a host of new mandates on states and local school districts. So far, Republicans haven't funded their own initiative, but have left all of the mandates in place, leaving states and property taxpayers to foot the bill for reform.
- **Eliminating Workers' Rights:** With both the House and Senate under Republican control and with an anti-labor President in the White House, all of our labor protections are in jeopardy. One of the president's first acts after his inauguration was to roll back worker safety regulations initiated by the Clinton Administration. The Republican Congress will once again push for the elimination of Davis Bacon. With the creation of the Homeland Security Department, they succeeded in wiping out the union representation of 170,000 federal workers, including many of your brethren in AFSCME, under the guise of national security. Perhaps even more dangerous are the persistent efforts of this Administration to contract out federal jobs, while refusing to provide us with any proof that doing so saves money, increases efficiency, or improves public services.
- **Homeland Security:** 9/11 was a wakeup call to all of our communities that we must be much better prepared for future terrorist attacks. Our emergency services, public safety and public health infrastructure all have desperate needs and our communities can't afford to shoulder the burden of preparation on their own. The Republicans like to talk about how they set aside \$3.5 billion to help communities prepare for emergencies, but they haven't actually made that money available to anyone.
- **Tax Cuts for the Wealthy:** The first round of Bush tax cuts failed to create jobs and economic opportunities, failed to boost investment and business growth, and failed to pull us out of recession. All it succeeded in doing was deepening the deficit, bankrupting state budgets, and limiting our ability to make federal investments in communities that create jobs. The 2001 Bush tax cuts failed because the overwhelming majority of the benefits went to the wealthy, who didn't really need a tax cut, instead of to the average working family, which would have spent the money and spurred economic activity.

Having failed spectacularly the first time, Bush and his cohorts in Congress are going to try it again. The president has proposed another \$1.46 trillion in new tax cuts, with 75 percent of the benefits going to people making more than \$100,000 a year. The average family making \$50,000 will see a tax cut of about \$135.

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Hospitals, nursing homes and home health care agencies all across this state and all across the country are struggling to keep their doors open in the face of worker shortages and steep Medicare cuts. President Bush's budget proposes to do nothing about this.

The high unemployment rate has dramatically increased the Medicaid rolls, causing great financial strain for the state. The Republican House has blocked our efforts to temporarily increase New York's reimbursement rate for Medicaid, an effort that would deliver \$753 million in desperately needed funds for our health care system. President Bush isn't helping on Medicaid, he's trying to hurt us even more, by proposing the block granting of Medicaid funds to states, a proposal that could result in hundreds of millions of dollars in cuts to New York.

Health care is a big economic engine for this state. If the Republican leadership fails to act, hospitals will close. Jobs will be lost. Patients will be harmed.

**Impact on New York**

- This agenda is profoundly dangerous for New York. Our state will continue to struggle to meet the education mandates, prepare its communities for emergencies and provide health care to people in need. But we will be forced to do so in a limited manner, we will be forced to reduce services, and we will face higher taxes at the local level. That's the trick of Republican tax cuts in Washington – you never really get a tax cut, you just send your check to a different level of government.
- There are very real consequences for New York. Less federal spending means less federal investment in economic development programs. Less federal spending means fewer dollars to support critical services. The increased Medicaid burden alone is forcing some counties to raise property taxes by more than 30 percent this year. Our state will be forced to bail out hospitals that might close their doors due to reduced Medicare payments.
- Lower federal taxes for the wealthy mean less tax revenue for New York to fund its own critical needs. The state will be robbed of billions in revenue by the Bush tax cuts. According to Comptroller Hevesi's office, the elimination of the federal tax on dividends will cost New York \$520 million just this year.
- New York State is already facing a \$9.3 billion budget gap for the coming fiscal year. Nationally, states are \$90 billion in the hole. There is a bi-partisan plan on the table in the Senate to provide \$40 billion to states – about \$2.5 billion of which would go to New York – to help them weather this fiscal crisis, but the Bush Administration says we can't afford it because we need tax cuts for the wealthy instead.

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- Instead of addressing his own tax cuts for the wealthiest New Yorkers, Governor Pataki wants state workers to bear the brunt of the fiscal crisis – 5000 layoffs and higher health premiums, plus a \$1 billion cut in Medicaid and a \$1.24 billion cut in state education aid that will trickle down into job cuts at the local level.

State workers and your colleagues at the federal level don't get enough recognition or enough compensation for the work you do. You didn't create the fiscal crisis and you shouldn't be forced to pay for it.